



**مركز إيداع الأوراق المالية**  
**Securities Depository Center**

**Overview**

**And**

**Accomplishments**

**2000-2003**

**21-9-2003**



**مركز إيداع الأوراق المالية**  
**Securities Depository Center**

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## **I. Establishment and Responsibilities**

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The Securities Depository Center (SDC) of Jordan is a public utility institution established in the Kingdom by virtue of the Securities Law No (23) of 1997. The Securities Law of 1997 separated the functions of the Amman Financial Market (AFM) creating the Jordan Securities Commission (JSC), the Amman Stock Exchange (ASE) and the Securities Depository Center (SDC). The SDC commenced operation in May 1999 and it is the exclusive entity in Jordan that is legally empowered to oversee the following responsibilities:

- Registration of securities;
- Transfer of ownership and safekeeping of securities;
- Deposit securities; and
- Clearance & settlement of securities transactions.

The SDC is one of the most important institutions in Jordan's Capital Market as it holds the register of the ownership of all issued shares. It has been assigned, in cooperation with the JSC and the ASE, the task of bringing about a qualitative leap in market efficiency.

The SDC has been recognized by the Association of National Numbering Agencies (ANNA) and the JSC as the sole numbering agency in Jordan for the assignment of International Security Identification Numbers (ISIN). All share books at the SDC are numbered according to the ISIN numbering scheme.

The new Securities Law No. (76) of 2002 specified the responsibilities of the SDC to include the registration, safekeeping, transfer of ownership, deposit and clearing & settlement of securities. In order for the SDC to perform its operations it was necessary to establish a central registry & depository of authenticated shareholders along with a central settlement process. This provides that the registers of all public shareholding companies be held and maintained at the SDC in electronic form.

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## **II. Mission**

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The charter given to the SDC in May 1999, was "To build a National Center for Registry, Depository and Clearing & Settlement of Equities. The SDC to be an integral part of a transparent, viable, fair, and efficient equities market in Jordan which will inspire domestic and international investor confidence, and contribute to the wealth of the nation."

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### **III. Vision**

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In order to fulfill its mission, the management translated this into the following vision:

- Build a World-Class Depository in the Middle East;
- Perform book-entry Clearing & Settlement;
- Implement true Delivery-versus-Payment (DVP);
- Adhering to best International standards and practices;
- Contribute to better and enhanced Surveillance;
- Eliminate the risks resulting from executing clearing & settlement transactions and the risks associated with physical securities resulting from loss, damage, forgeries and duplication.

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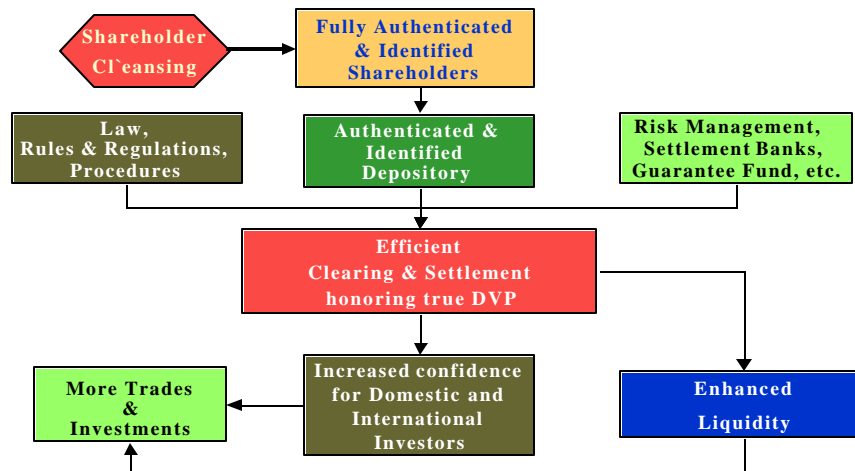
### **IV. Goals and Objectives**

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The main goal of the SDC is to maintain a Central Registry and a depository for securities owners and to conduct clearance & settlement of trade contracts executed at the ASE through applying the delivery versus payment principle where delivery of securities will be against final payment of funds. The SDC has set itself the following objectives and goals:

- Establish Jordan as the best depository in the Middle East.
- Establish a Database managed in a unified way for the shareholders of the issuing companies through establishing a central registry system.
- Establish a unified Database of registered securities in the Central Depository System and managing it in an effective and unified manner.
- Implement state-of-the-art Registry, Depository, Clearing & Settlement Systems.
- Simplify the process of transferring the ownership of securities and reduce settlement and transaction costs; in addition to minimizing risks associated with Clearing & Settlement (book-entry, Settlement Guarantee Fund, Settlement Bank).
- Accommodate high trading and settlement volumes.
- Provide capacity & security necessary to ensure accurate record keeping.
- Execute corporate actions in an efficient manner.
- Adhere Jordanian securities clearing & settlement to the international standards (G30, BIS, etc.).
- Instill public and investor confidence in Jordan Capital Market in general and the SDC and its procedures in specific.
- Establish a reputation, domestically and internationally as transparent, fair, liquid and efficient.
- Establish the SDC as Jordan's Equities Center.
- Build a modern organization which will be a model for Jordan Institutions.
- Act as a mediator for Arab and Foreign intermediaries in Jordan.

## Middle East Best Depository




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### V. Membership

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The SDC's membership consists of public shareholding companies, public issuers, judicial persons licensed as financial brokers or dealers, custodians and other market participants, as determined by the JSC.

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### VI. Organization Structure

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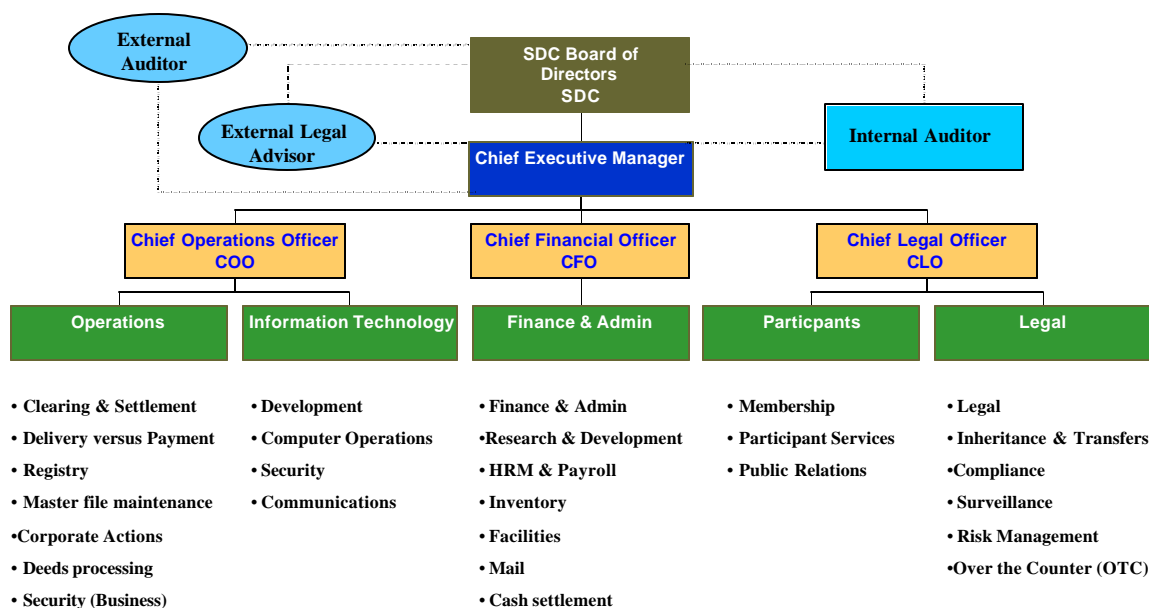
The SDC's governance structure consists of a seven member board of directors and the Chief Executive Manager of the SDC. Five members of the Board of Directors are elected by the General Assembly of the SDC and two members are appointed by the JSC. The Board serves for a term of three years. The daily management & operations of the SDC are the responsibility of the SDC's Chief Executive Manager.

The SDC continues to enhance its institutional structure including establishing special departments and divisions such as a research and a development department to serve clients. This is considered important for the development and progress of the SDC.

#### Stage 1: Organization and Business Strategy

This stage included the establishment of the SDC on May 1999, and the recruitment of personnel and the issuance of the necessary by-laws and regulations to provide the legal framework for the SDC's operations. The following chart outlines the SDC Management Structure and Organization.

## Management & Organization



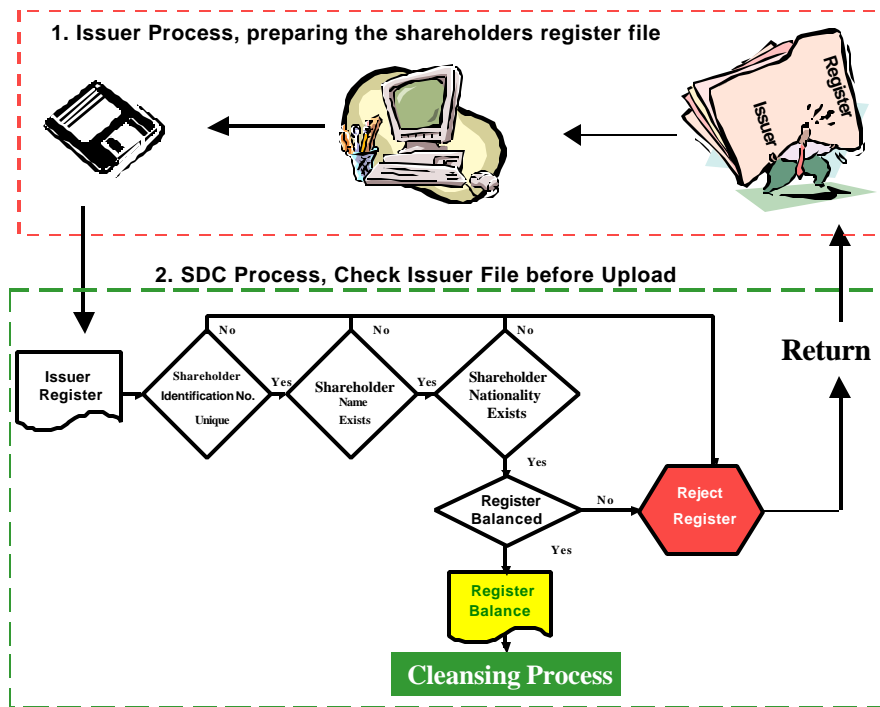
## VII. Accomplishments

In the over 20 years prior to 1999, all information and data related to shareholders were registered based on manual deeds. The share books of listed Jordanian companies reflected the errors that arose from the manual changes and settlement procedures. Today the share books of all stock exchange listed companies have been cleaned by the SDC and an automated registry and depository established. In addition, clearing & settlement is automated and the SDC connected through a wide area network to all brokers, custodians and public shareholding companies.

### Stage 2: Database of Shareholders

This stage included the registration of securities which consisted of establishing issuers records in the SDC database, identifying and assigning investors numbers (SDC No.). As of October 2000, the SDC started issuing electronic deeds to increase the levels of reliability and authenticity of Shareholders' Registers maintained by the issuers. This has been achieved and is a continuous process.

## Shareholders Registers Checking

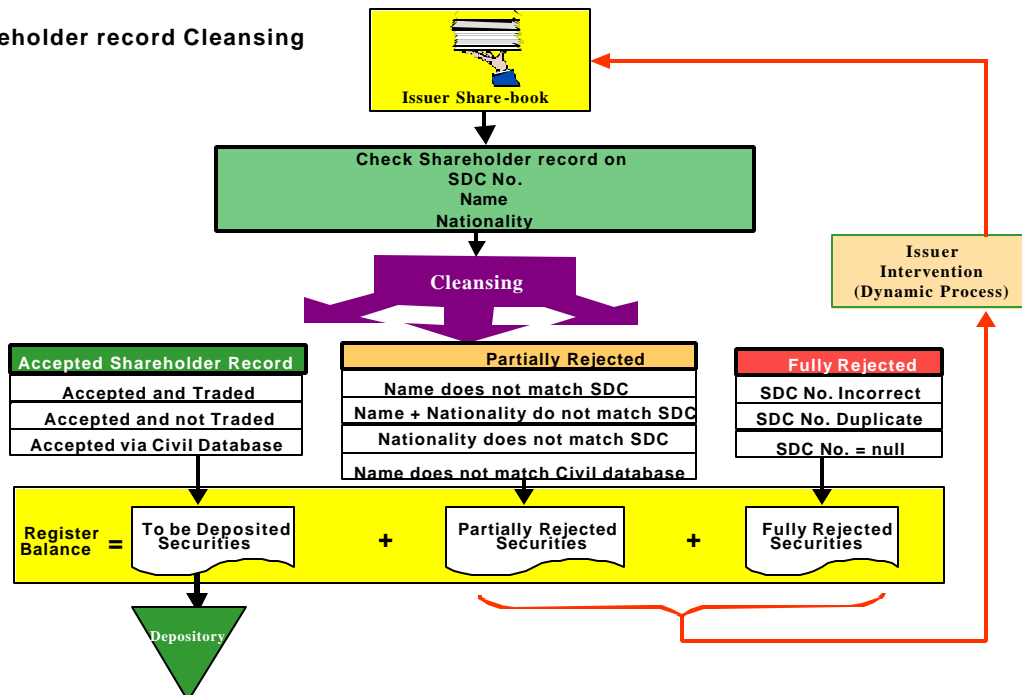


### Stage 3: Shareholder Authentication and Central Registry

Stage 3 included the cleansing process where issuers were required to provide the SDC with copies of Shareholders' Registers. The Registers were subject to the checking and cleansing process and the SDC has worked closely with the issuers and their Shareholder Relations Departments to validate all shareholders' information to enhance the integrity and completeness of data. Stage 3 started in February 2002 and the cleansing is a continuous process. The following chart illustrates the cleansing process the SDC performs and the results of this process.

## Shareholders' Registers Cleansing and Results

### 3. Shareholder record Cleansing



#### Stage 4: Electronic Clearing & Settlement

The SDC has initiated its Electronic Clearing & Settlement on July 2002 as a transitional step towards the complete implementation of irrevocable Delivery versus Payment (DVP). The Electronic Clearing & Settlement stage aims to speed-up the process of validating Shareholders' Registers information, thus ensuring the highest possible levels of completeness and accuracy in shareholder asset transfer. In addition, Electronic Clearing & Settlement enhances the levels of Risk Management in the Jordan Capital Market.

#### Securities Clearing

The SDC currently maintain the Shareholders' Registers of (196) public shareholding companies which includes both traded and non-traded companies at the ASE. These Registers are updated daily according to the trades executed at the ASE and legal transfers conducted directly through the SDC. The SDC also updates ownership restrictions such as lien and pledge on those Registers upon notification by public shareholding companies.

As part of current SDC operations, all trades executed at the ASE and delivered to the SDC for securities clearing are matched to the SDC's Shareholders' Registers to insure that:

- Shareholder does exist;
- Shareholder information, including shares held, is authentic and complete;
- Shareholder position contains sufficient, available shares to settle the trade;
- Pledges and/or liens against shareholder position will not prevent trade settlement;

The SDC will implement enhanced Cash Settlement measures that will establish a fixed Settlement Cycle of T+3 wherein transactions for Authenticated Accounts will settle on a T+3 basis and transactions for non-Authenticated Accounts will settle on a T+5 basis. A T+5 Settlement Cycle will prevail where:

- Sell side of the trade is not authenticated.
- The securities to be settled are subject to trade restrictions (pledge, lien, etc).
- The seller does not have sufficient shares in inventory to settle the trade.

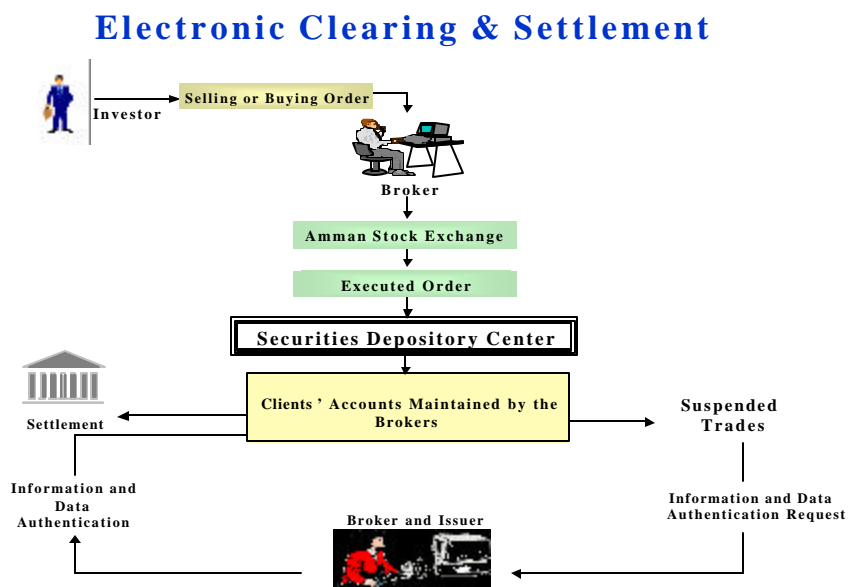
In cases where the seller does not have sufficient shares in inventory to settle the trade, funds representing the value of the sold securities will be suspended until the reason for the suspension is resolved.

The following table outlines the number of shareholders, the number of issued shares and the market or nominal value of authenticated and non-authenticated (196) shareholders' registers submitted to the SDC.

|                         | Authenticated Percentage | Authenticated     | Non Authenticated | Total             |
|-------------------------|--------------------------|-------------------|-------------------|-------------------|
| No. of Shareholders     | 24.625%                  | 115,282           | 352,871           | 468,153           |
| No. of Issued Shares    | 82.796%                  | 2,186,316,282     | 454,299,233       | 2,640,615,515     |
| Market or Nominal Value |                          | 5,826,905,034.770 | 1,912,220,696.610 | 7,739,125,731.380 |

*The figures are as per September 10, 2003.*

The chart below illustrates the basics of the Electronic Clearing & Settlement process:



### Stage 5: Central Depository

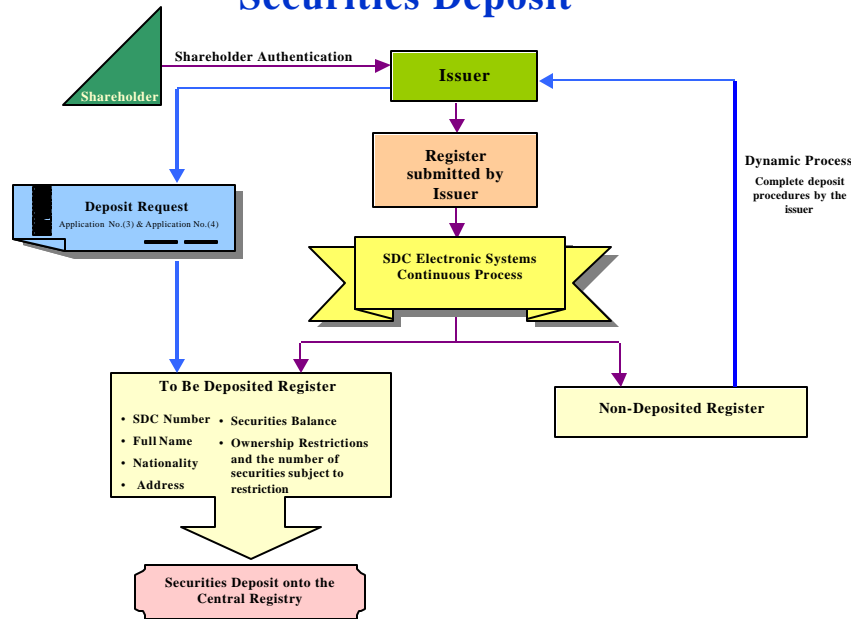
Stage 5 includes depositing authenticated securities positions at the SDC and the implementation of irrevocable DVP settlement wherein the delivery of securities in settlement of an ASE-executed trade will be made if, and only if, cash payment is made. As a result of Stage 5 the SDC will offer irrevocable DVP Settlement Services.

The SDC will implement irrevocable DVP once all the necessary legal and financial requirements, including the transfer of the Brokers' Guarantee Fund to the SDC-administered Settlement Guarantee Fund, letters of guarantee, and appropriate amendments to the Regulations and By-Laws of the SDC are in place. The new Securities Law No. (76) of 2002 has further enhanced the SDC's role in implementing irrevocable DVP. It is worth noting here that the internal infrastructure (hardware and software) is complete and the DVP will be implemented upon the approval of the following by-laws and regulations:

1. The Draft Regulations on the Registration of Securities, Transfer of Ownership and Settlement of their Value for the Year 2003.
2. The Draft Internal By-Law of the Securities Depository Center's Proceeds for the Year 2003.
3. The Draft Regulations of the Registration, Deposit and Settlement of Securities for the Year 2003.
4. The Draft By-Law of the Settlement Guarantee Fund for the Year 2003.

On implementation of irrevocable DVP all Shareholders' Registers will be transferred to the SDC, i.e. shares will be dematerialized and held at the SDC in book-entry form with the SDC holding authority over these registers. Following is a chart that illustrated the securities deposit process:

## Securities Deposit



### Securities Settlement

On implementation of irrevocable DVP only authenticated, deposited shares can be traded at the ASE and settled through the SDC. The account level will be applied where the broker cannot sell client's securities unless the securities are transferred to the client's account maintained by the broker. Trades will be accepted if:

- The seller has a securities account with the selling broker which executed the trade;
- The number of securities in the client's account with the selling broker is sufficient to execute the trade;
- No ownership restrictions (e.g. pledge or lien) prevent trade settlement.

If any of the above conditions is not met then the trade is suspended and the broker must resolve the reasons of the suspension within the next day (T+1). If the broker fails to terminate the reasons of the suspension then the SDC will initiate the buy-in procedures.

### Cash Settlement

The SDC will facilitate cash settlement via the transfer of funds representing the value of securities purchased/sold between brokers' accounts and the SDC Settlement Account maintained at the SDC Settlement Bank. The process, under the control of the SDC, will be completed in an efficient and cost-effective manner within strictly enforced deadlines. The implementation of SDC Cash Settlement is a major step in the introduction of globally compliant Risk Management to the Jordanian Capital Market.

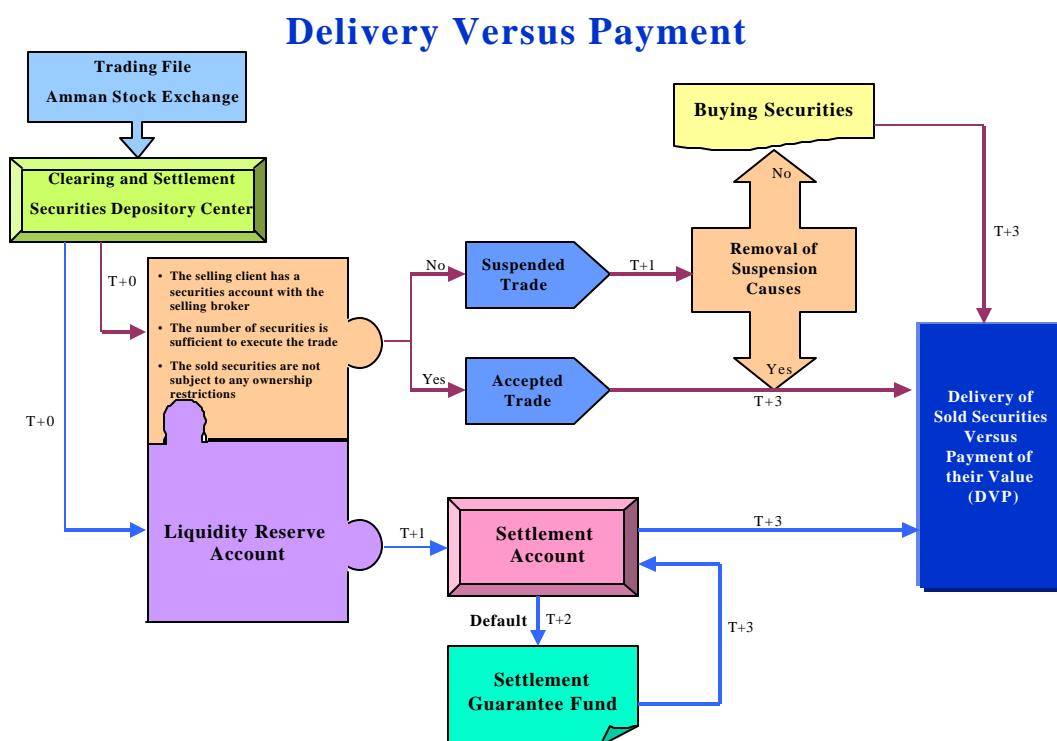
Brokers with a net to pay obligation will be required to pay on (T+1) an amount representing the liquidity reserve. On settlement day (T+3), brokers will pay the settlement amount into the SDC Settlement Account maintained at the Settlement Bank. If the broker does not fulfill its obligations, then it is suspended from trading and the settlement amount is transferred from the Settlement Guarantee Fund Account into the Settlement Account to execute the DVP

process. The infrastructure (contractual and technical) for the operation of the Settlement Bank has been completed awaiting full implementation of cash settlement measures.

### Settlement Guarantee Fund

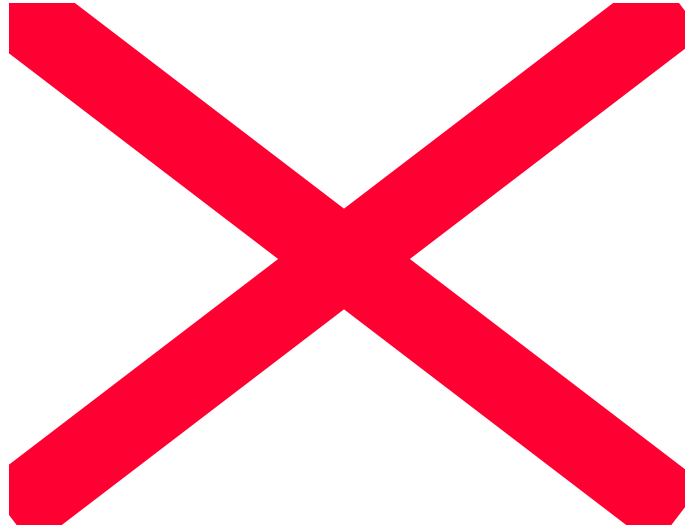
The new Securities Law No (76) of 2002 assigned the SDC the responsibility of establishing and managing the Settlement Guarantee Fund. The objective of the Fund is to cover the buying member's cash default and the selling member's securities default. The Fund will have a separate legal entity with financial autonomy. The Fund's membership is compulsory for financial brokers and dealers. It is the legal successor of the Financial Brokers' Guarantee Fund currently under the jurisdiction of the ASE.

Following is a chart that illustrates the DVP process:



### **Stage 6 : Corporate Action and Market Support Services**

This stage includes the SDC's delivery of corporate actions and market support services to its direct and indirect participants. The SDC's Market Support Services will include, but not be limited to, market-to-market services, portfolio valuation, market activity analysis and transaction statement services.



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### VIII. Systems

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In order to enable the SDC to perform its functions in accordance with the Securities Law, the SDC has built and developed a bilingual electronic system of its own called Securities Central Operation Registry Processing & Information Online (SCORPIO).

SCORPIO was developed to serve the SDC members and consists of several secondary and support systems. It provides a comprehensive information solution for registration, depository, Clearing & Settlement and complies with international standards (G30, BIS, etc.). This system also provides mechanisms for risk management and surveillance of Clearing & Settlement. The services currently provided by the SDC systems include:

1. Shareholders' Registers System

- Establish and update the Securities Central Registry.
- Authenticate shareholders and follow-up on their trades.
- Track ownership restrictions of clients at public shareholding companies and

- other transfers on the Shareholders' Registers, including inheritance, and family and other transfers exempted from trading through the ASE.
  - Correct information and data related to shareholders to facilitate depositing.
- 2. Family System
  - Enter client data.
  - Complete family transfers in accordance with the regulations and the SDC's requirements.
  - Calculate and audit fees.
- 3. Inheritance System
  - Enter client data.
  - Complete inheritance transfers in accordance with the Regulations and the SDC's requirements.
  - Calculate and audit fees.
- 4. Rejected Deeds System
  - Follow-up on and handle transfer deeds that are rejected for formal or substantial reasons.
  - Calculate the resulting financial obligations and audit them.
  - Transfers Exempted from Trading through the ASE
  - Enter client data.
  - Complete transfers in accordance with the Regulations and the SDC's requirements.
  - Calculate and audit fees.
- 5. Clearing & Settlement System
  - Shareholder Account Auditing.
  - Validation of ASE-Executed Trades at the Issuer, Broker or Client Levels.
  - Issuance of Shareholder Statement of Account.
  - Update statements of account after each trade conducted through the ASE, and upon ownership transfers concluded directly through the SDC.
  - Authenticate ownership restrictions such as pledge or lien.
  - Settlement surveillance on the equity side.
- 6. Auditing System
  - Follow-up on daily procedures performed by the SDC.
  - Monitor clients' trades, and the suspended trades related to them, and track termination of reasons that lead to the suspension whether formal or substantial.
  - Identify trades that violate the internal by-laws and regulations in force.
- 7. Reports System
  - Issuance of reports related to all primary, secondary and support systems to enable the examination of all transactions and auditing by the internal auditor. These reports contain information and data that are consistent with the individual records entered into the SDC's Systems.
- 8. Brokers' System
  - Clients Identification.

- Clearing Calculation of shareholders' Security Positions.
- Provide trade details of their clients and the suspended trades.
- Issuing reports required to complete their tasks.
- Change and update client information and data such as the address, the identification papers and the agency information.
- Transfer securities between accounts and close accounts.
- Enquiries regarding clients and the accounts maintained by participants.
- View information and data related to clients securities in the accounts maintained by the broker and print statements for any period.
- Track clients sell and buy movements executed by the broker and securities will be credited in the client's account under the broker's jurisdiction.
- Issue reports that are divided into clients' reports and trading reports to enable the broker to obtain further information.

#### 9. Issuers' System

- Control the processing of Shareholders' Registers in a way that preserves and maintains the accuracy of the shareholders' information and accelerates the process of depositing securities.
- View updated Shareholders' Register whether deposited or not.
- Enquiries based on the shareholder nationality or securities ownership balance.
- Organize the information of the Shareholders' Registers according to name or ownership balance.
- Enquiries regarding each part of the Shareholders' Register whether shareholder is deposited or not.
- View shareholders' information in the deposited register as authenticated on the SDC database.
- Authenticate ownership restrictions such as pledge or lien or the release of such restrictions on the non-deposited Shareholders' Register by the issuer
- Enquiries regarding ownership restrictions or their release on the whole Register whether deposited or non-deposited.
- Issue statement of account based on the SDC number if the shareholder is deposited and the shareholder's number assigned by the company if the shareholder is not deposited. The statement shows all shareholder data, the sell and buy movements, the pledge or lien or release of such ownership restrictions and the shareholder balance divided as total balance, free balance, balance subject to pledge and balance subject to lien.
- Provide reports including a report that classifies ownership according to shareholders' nationalities.
- Upload Shareholders' Registers and the electronic deeds onto the issuer's systems directly.
- View a summary of the electronic transfer deeds performed on its security through the ASE, and a summary of suspended trades after the final upload of the trading file.

#### 10. Sub-Custodian System

- Supervise clients' holdings by sub-custodians.
- Maintain safekeeping accounts for each client under the jurisdiction of the sub-custodian where securities maintained in those accounts cannot be moved without the

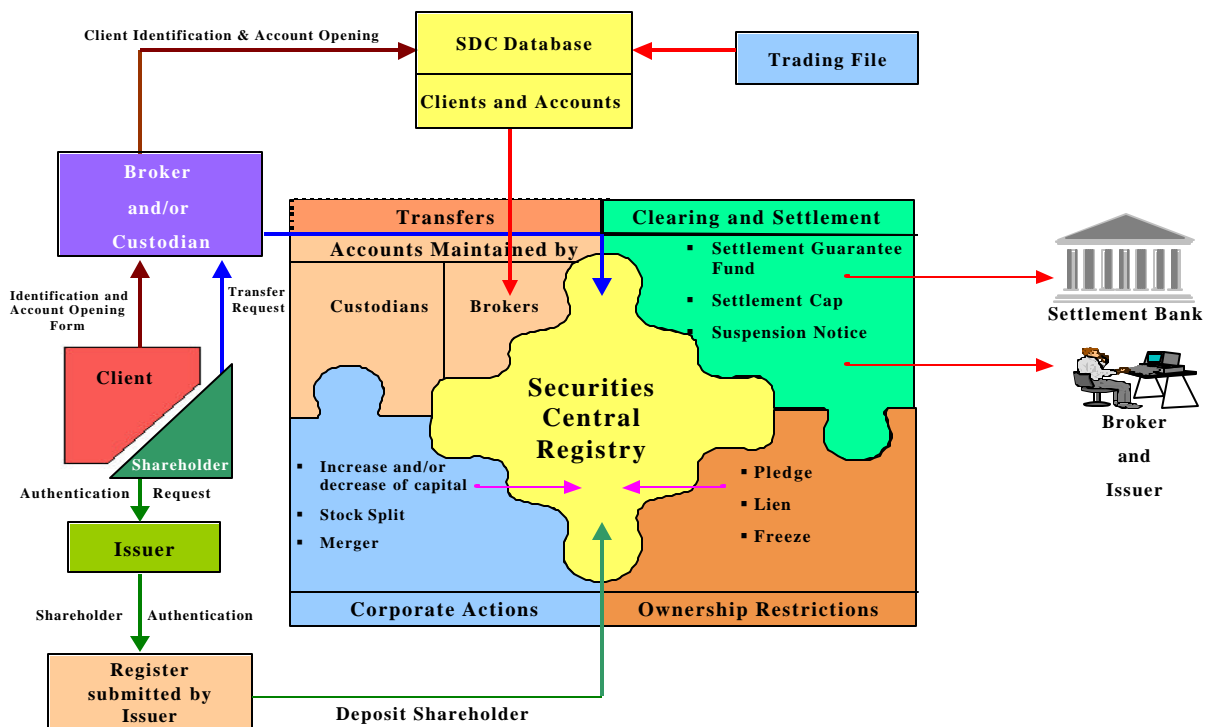
instruction of the sub-custodian.

- Transfer securities between accounts and close accounts.
- Enquiries regarding clients and the accounts maintained by participants.
- View information and data related to clients securities in the accounts maintained by the sub-custodian and print statements for any period.

#### 11. Jordan Securities Commission's Surveillance and Auditing System

- Follow-up on the members trading on behalf of their clients, and to monitor and audit their legality.
- Facilitates the monitoring of transfers concluded directly through the SDC.
- View the Shareholders' Registers, the statements of accounts, and changes to these statements.
- Follow-up on all financial obligations and trades that are suspended for formal or substantial reasons, and the methods of handling them.
- Issue other reports that contain a summary of the transactions on the SDC's System.
- Inquire about clients identified on the SDC Database.
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### SCORPIO Systems and Functions



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## IX. Operational Systems and Networking

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Within the SDC's application infra-structure, the SCORPIO system forms the nucleus of the SDC Operations and has been surrounded by other systems for control and security. Other operational systems are:

1. General Ledger (G/L) and Accounting.
2. Human Resources and Payroll.
3. Document Archiving system.
4. File and Print server.
5. Mail and Web server.
6. File Transfer Protocol (FTP) and Active Server Paging (ASP) server.
7. Security systems built around a Demilitarized Zone (DMZ).
8. Local and Wide Area Networking (part of the Jordan Capital Market Network).

The communication with the SDC participants (brokers, issuers, etc.) has been established via the Jordan Capital Market (JCM) wide area network.

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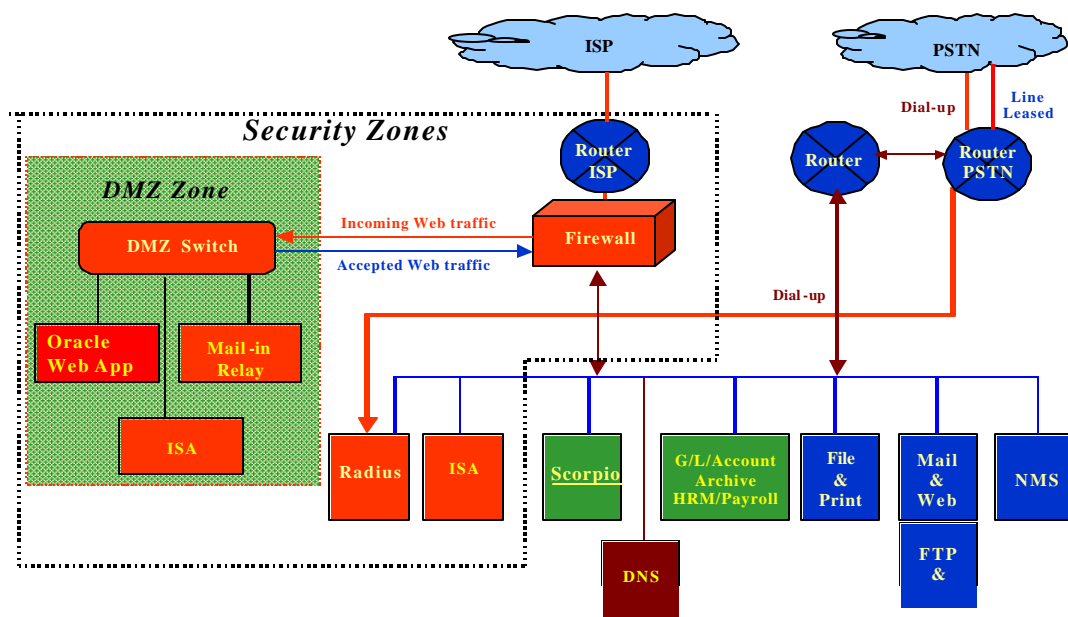
## X. Systems Security Environment

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The SDC has implemented strict standards to adhere to internationally accepted best practices for their systems security environment. Following measures were taken:

- The Registry and Depository Systems each have their own back-up and recovery systems in place and all SDC systems have regular backup cycles (daily, weekly, and monthly).
- A back-up site is situated in Amman and connected via fiber optic link; the SDC is also planning a disaster recovery site outside Amman.
- The Registry and Depository Systems have extensive audit trails and log.
- All SDC systems and applications are assigned dedicated user access rights and security levels.
- Synchronization of data takes place daily at the Registry and Depository systems.
- The SDC has additional security zones for external users such as firewalls and demilitarized zones.

### The SDC IT Environment and Security



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## **XI. Future Plans**

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The SDC is planning to add new services and features of which the following should be mentioned:

1. Bonds processing.
2. New version of the Pledge and Lien System.
3. Lending & borrowing.
4. Connect to the Real Time Gross Settlement System (RTGS).
5. Provide custodial services to some financial institutions.
6. Additional Services:
  - a. Transaction Statement.
  - b. Market activity analysis.
  - c. Portfolio valuation.
  - d. Market-to-Market.
7. Disaster recovery site and business resumption.
8. Coupling with the Stock Exchange.

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## **XII. Closing Remarks**

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In a span of about four years, the SDC has achieved many of its primary goals and objectives. The Registry, Depository and Clearing & Settlement are fully established and operational. The supporting systems are in place to ease SDC's Operations. In order to provide quality service to the users further enhancements and developing of new services has been seen vital in achieving an even better sustainable environment. In the next years the SDC will be addressing these in order to fulfill all of their goals and objectives.



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**21-9-2003**



**مركز إيداع الأوراق المالية**

**Securities Depository Center**



# **Securities Depository Center**

## **September 2003**

**Responsibilities, Accomplishments  
and  
Future Goals**

# Presentation Overview

- ✓ **SDC Mission**
- ✓ **Vision**
- ✓ **Objectives and Goals**
- ✓ **SDC Development Stages**
- ✓ **Accomplishments and Milestones**
- ✓ **Overview of SDC Systems & Applications**
- ✓ **SDC Future Goals**
- ✓ **Closing Remarks**

## SDC Mission

*“To build a National Center for Registry, Depository and Clearing & Settlement of Equities. The SDC will be an integral part of a transparent, viable, fair, and efficient equities market in Jordan that will inspire domestic and international investor confidence, and contributes to the wealth of the nation”*



مركز إيداع الأوراق المالية  
Securities Depository Center

# **SDC Vision**

## **To Build a Central Securities Depository & Registry containing:**

- **Build World-Class Depository in the Middle East**
- **Book-entry Clearing and Settlement**
- **Implement true Delivery-versus-Payment (DVP)**
- **Adhering to best International standards and practices**
- **Contribute to better and enhanced Surveillance**
- **Introduce Risk Management Measures**
- **Promote Domestic and Foreign Indirect Investment in Jordan**



# **SDC Goals & Objectives**

- **Implement state-of-the-art Registry, Depository, Clearing & Settlement Systems**
- **Adhere securities clearing & settlement to the international standards (G30, BIS, etc.)**
- **Enhance public and investor confidence**
- **Establish a reputation, domestically and internationally as transparent, fair, liquid and efficient**
- **Establish the SDC as Jordan's Equities Center**
- **Establish Jordan as the best depository in the Middle East**
- **Build a modern organization which will be a model for Jordan Institutions**
- **Act as a mediator for Arab and Foreign intermediaries in Jordan**
- **Promote Investment through Capital Market**

## **SDC Goals & Objectives** (continued)

- **Maintain companies Share Books and continue co-operation with issuers to guarantee authenticated ownership of securities in order to establish an accurate depository for authenticated shares**
- **Simplify the process of transferring ownership of securities and reduce settlement and transaction costs; in addition to minimizing risks associated with Clearing & Settlement (book-entry, Settlement Guarantee Fund, Settlement Bank)**
- **Accommodate high trading and settlement volumes**
- **Provide capacity & security necessary to ensure accurate record keeping**
- **Execute corporate actions in an efficient manner**

# **SDC Developments & Accomplishments**

## **SDC stages of development**

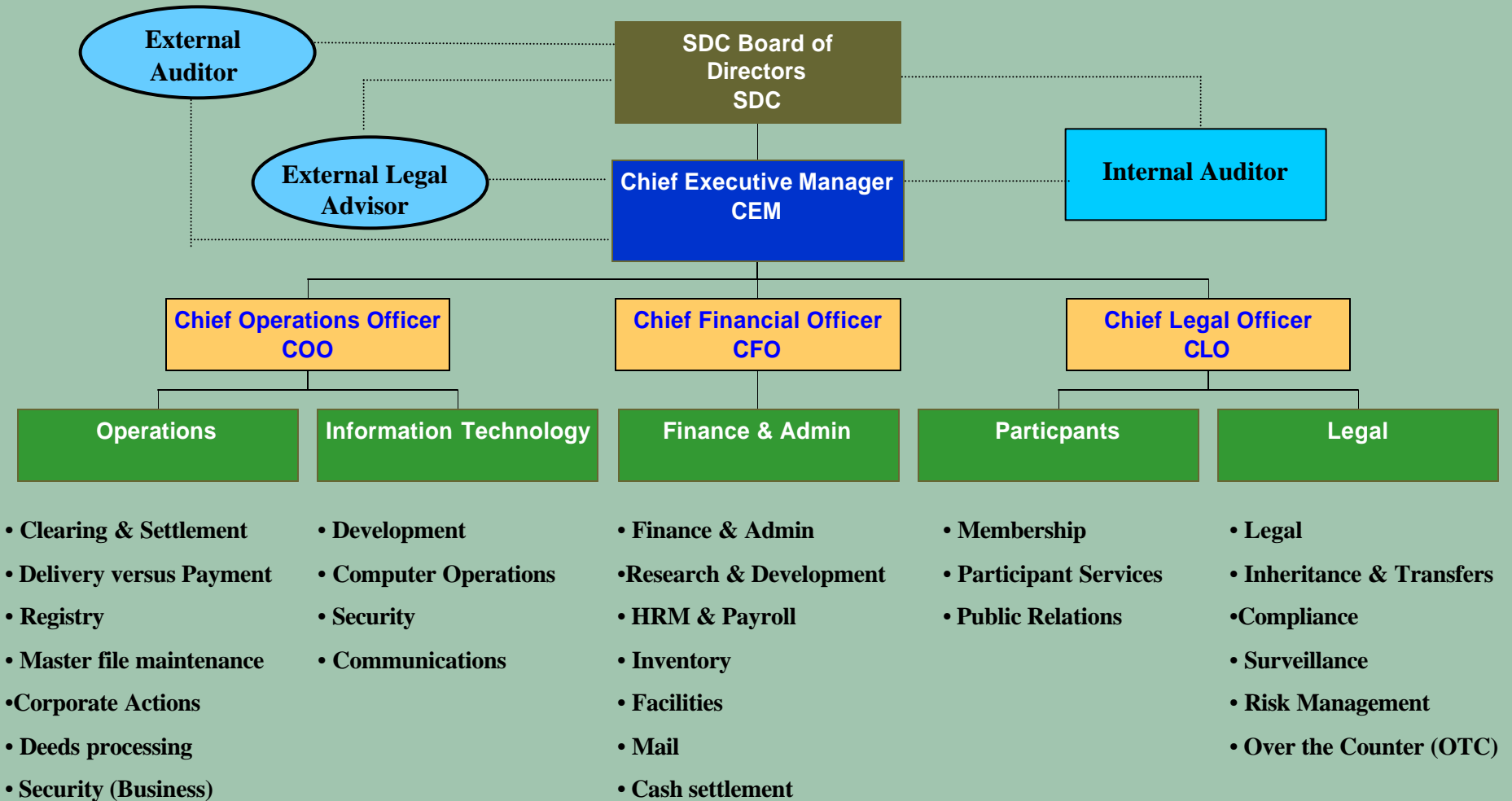
- ✓ **Stage 1: Establish SDC Organization and outline Business Strategy**
- ✓ **Stage 2: Establish Database of Shareholders**
- ✓ **Stage 3: Shareholder Authentication and establish Central Registry**
- ✓ **Stage 4: Electronic Clearing & Settlement**
- ✓ **Stage 5: Establish the Depository**
- ✓ **Stage 6: Corporate Action and**
  - **Market Support Services**
- **Stage 7: SDC, Jordan Equity Bank**

# Establish SDC Organization and Business Strategy

## Tasks & Accomplishments Stage 1

- |                          |                         |
|--------------------------|-------------------------|
| ✓ Initial Business plan  | - February 2000         |
| ✓ Staff Recruitment      | - March 2000 – on going |
| ✓ Organization           | - December 2000         |
| ✓ Fee Structure Modeling | - August 2001           |
| ✓ Revised Business Plan  | - October 2001          |

# SDC Management & Organization



# Establishing Database of Shareholders

## Accomplishments Stage 2

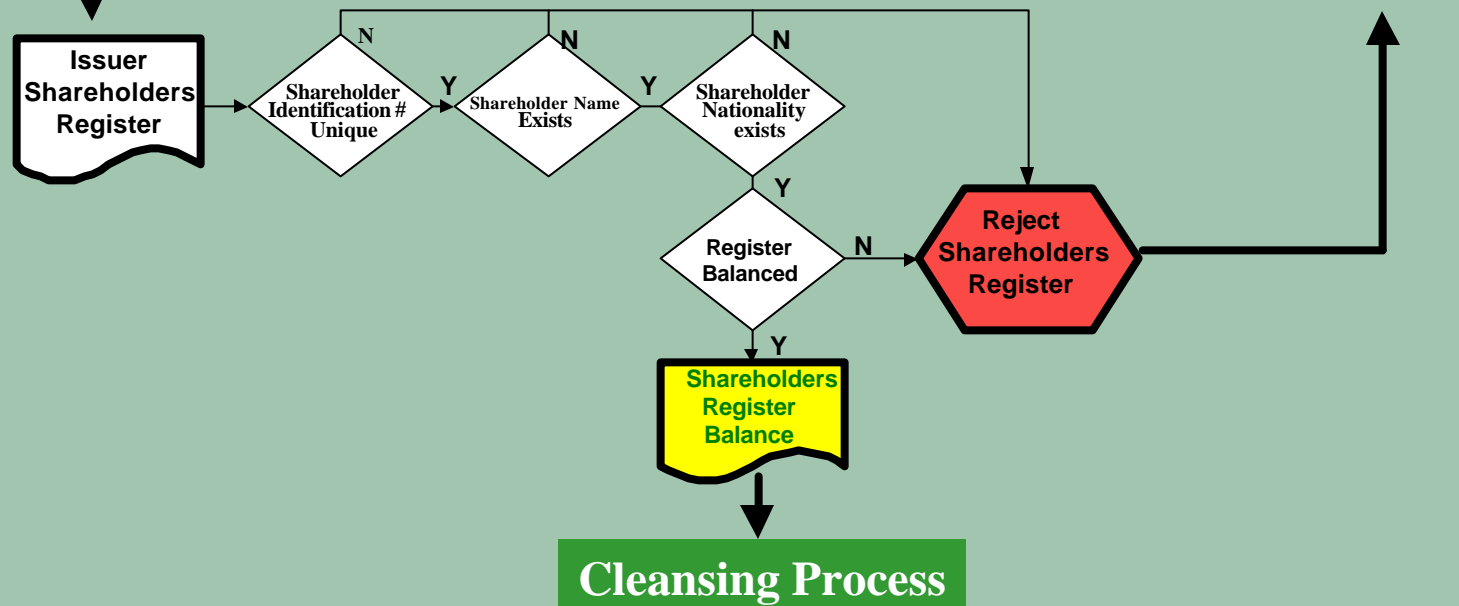
- ✓ Identifying Issuers and Issues - January 2000
- ✓ Client Identification Process (CIP) - February 2000
- ✓ Installation of PCs @ SDC and Brokers - February 2000
- ✓ Installation initial CIP server - February 2000
- ✓ Electronic Deeds (Ownership Contract) - October 2000
- ✓ Automated Inheritance and Family transfer - July 2001

# Shareholders Registers Checking

## 1. Issuer Process, preparing the share register file



## 2. SDC Process, Check Issuer File before Upload



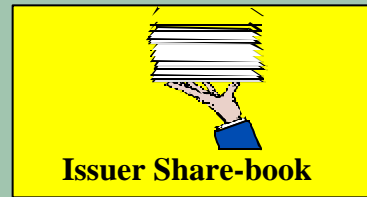
# Shareholder Authentication and establish Central Registry

## Accomplishments Stage 3

- ✓ **Reviewing International Standards and preparing By-Laws, Regulations and Procedures** - **Jan -Nov 2001**
- ✓ **Transferring Issuer Share-books (Validation & Cleansing) into the Registry** - **Aug 2001 on-going**
- ✓ **Activating Issuers Participation** - **May - Nov 2001**
- ✓ **Campaign to Activate the Jordanian and non Jordanian shareholders** - **Oct - Nov 2001**
- ✓ **Successful registration of Jordan Telecom IPO (100% correct)** - **October 2002**

# Cleansing Process and Results

## 3. Shareholder record cleansing



Check Shareholder record on  
SDC #  
Name  
Nationality

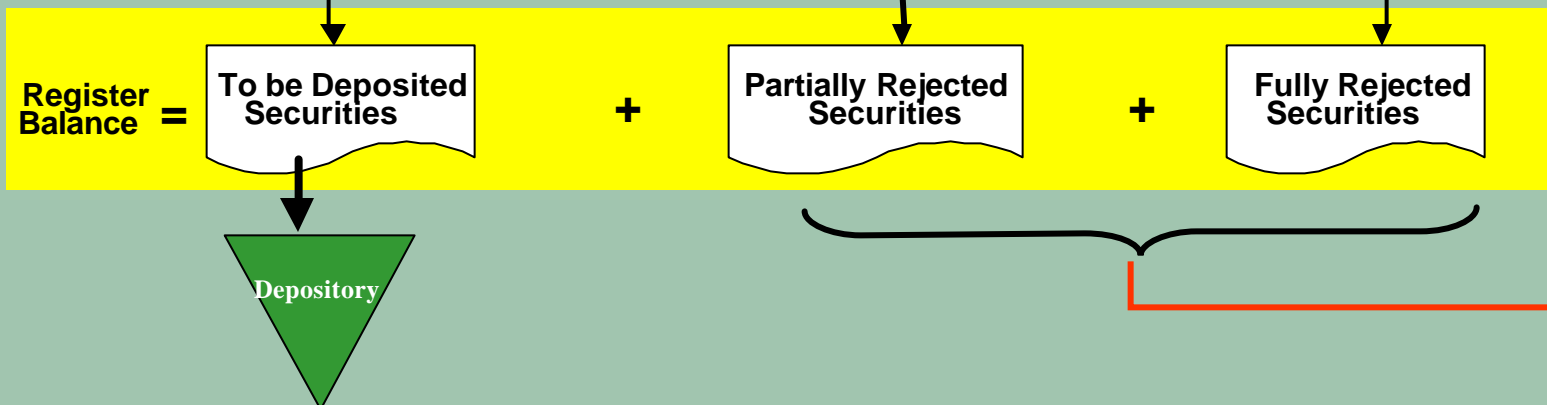
## 4. Cleansing Results



| Accepted Shareholder Record |
|-----------------------------|
| Accepted and Traded         |
| Accepted and not Traded     |
| Accepted via Civil Database |

| Partially Rejected                  |
|-------------------------------------|
| Name does not match SDC             |
| Name + Nationality do not match SDC |
| Nationality does not match SDC      |
| Name does not match Civil database  |

| Fully Rejected    |
|-------------------|
| SDC No. Incorrect |
| SDC No. Duplicate |
| SDC No. = null    |



Issuer  
Intervention  
(Dynamic Process)

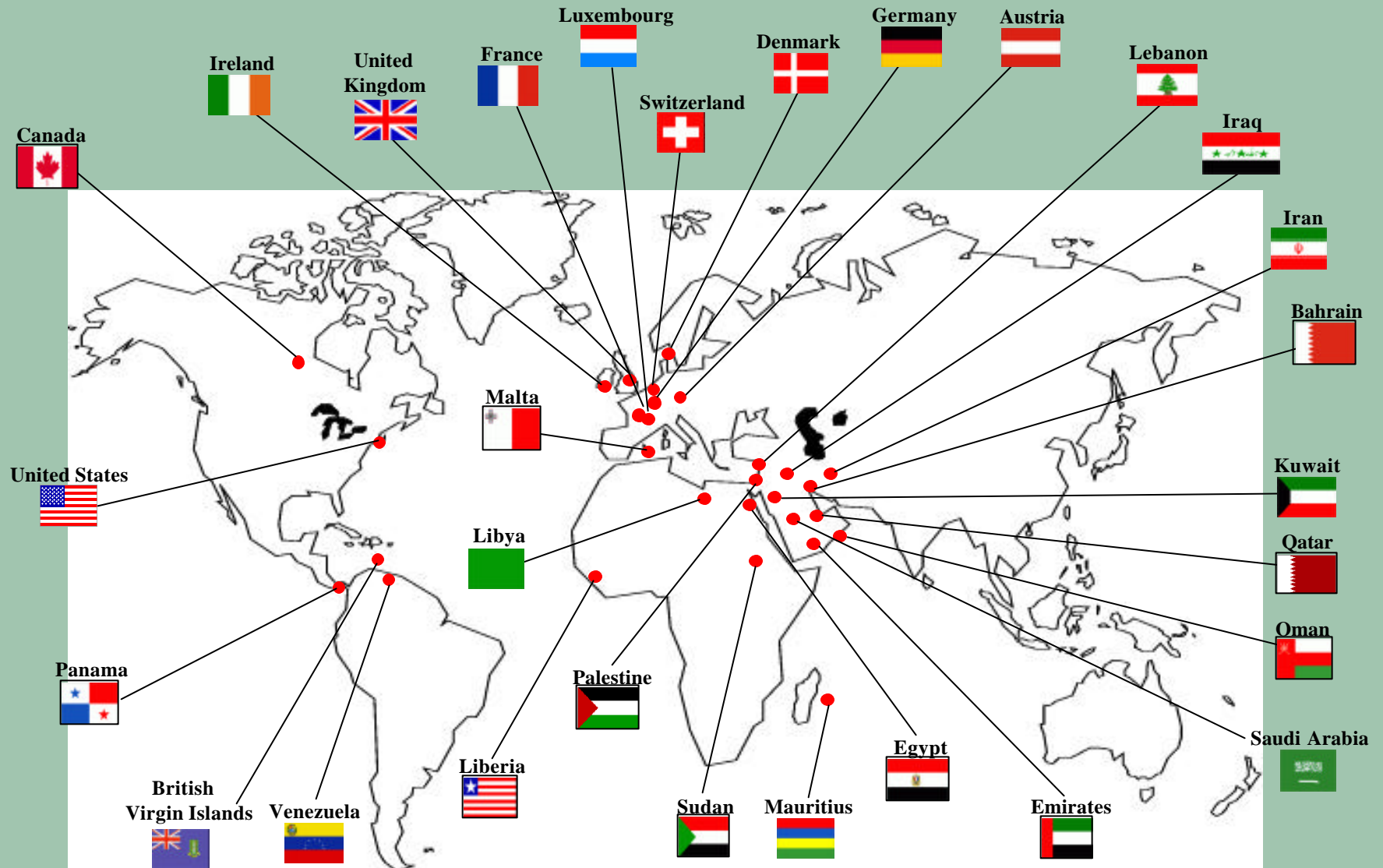
# Cleansing Results

**A total of 196 Share Books**

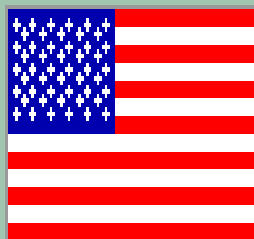
|   | <b>Authenticated<br/>Percentage</b> | <b>Authenticated</b>     | <b>Non<br/>Authenticated</b> | <b>Total</b>             |
|---|-------------------------------------|--------------------------|------------------------------|--------------------------|
| <b>No. of Shareholders</b>                    | <b>24.625%</b>                      | <b>115,282</b>           | <b>352,871</b>               | <b>468,153</b>           |
| <b>No. of Issued Shares</b>                   | <b>82.796%</b>                      | <b>2,186,316,282</b>     | <b>454,299,233</b>           | <b>2,640,615,515</b>     |
| <b>Market or Nominal<br/>Value<br/>in JOD</b> |                                     | <b>5,826,905,034.770</b> | <b>1,912,220,696.610</b>     | <b>7,739,125,731.380</b> |

*The figures are as per September 10, 2003.*

# SDC International Investors



# US Investment in JCM



United States

| Country      | Number of Shareholders |             | Number of Shares     |             | Market Capitalization   |             |
|--------------|------------------------|-------------|----------------------|-------------|-------------------------|-------------|
|              | Number                 | %           | Numer                | %           | Amount in JOD           | %           |
| USA          | 757                    | 0,162%      | 10.084.317           | 0,382%      | <b>64.572.896,52</b>    | 0,849%      |
| Rest         | 466.946                | 99,838%     | 263.531.198          | 99,618%     | 7.544.715.354,34        | 99,151%     |
|              |                        |             |                      |             |                         |             |
| <b>Total</b> | <b>467.703</b>         | <b>100%</b> | <b>2.640.615.515</b> | <b>100%</b> | <b>7.609.288.250,86</b> | <b>100%</b> |

| Country      | Number of Shareholders |             | Number of Shares     |             | Market Capitalization    |             |
|--------------|------------------------|-------------|----------------------|-------------|--------------------------|-------------|
|              | Number                 | %           | Numer                | %           | Amount in US\$           | %           |
| USA          | 757                    | 0,162%      | 10.084.317           | 0,382%      | <b>91.204.656,10</b>     | 0,849%      |
| Rest         | 466.946                | 99,838%     | 263.531.198          | 99,618%     | 10.656.377.619,12        | 99,151%     |
|              |                        |             |                      |             |                          |             |
| <b>Total</b> | <b>467.703</b>         | <b>100%</b> | <b>2.640.615.515</b> | <b>100%</b> | <b>10.747.582.275,23</b> | <b>100%</b> |

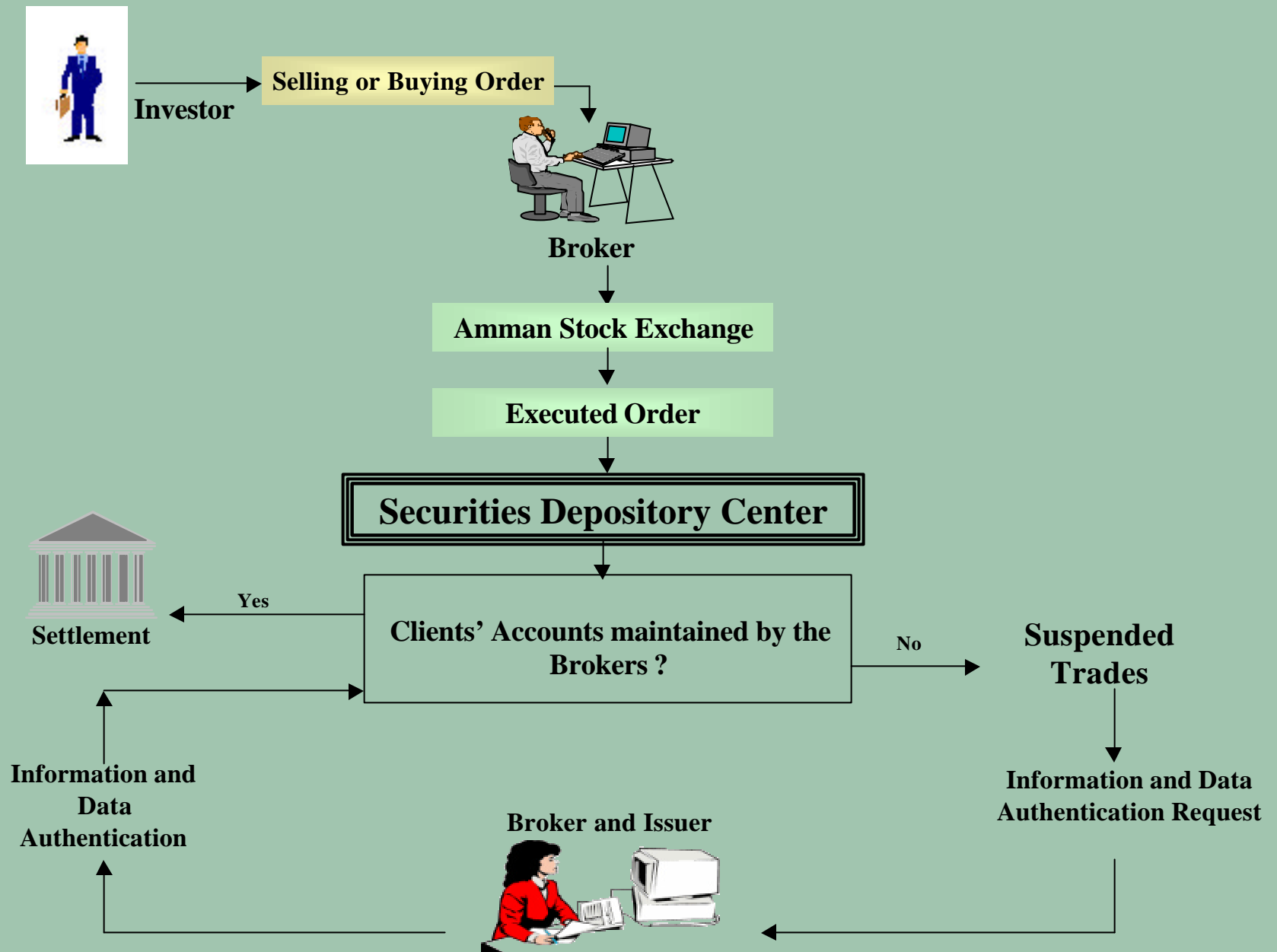
The figures are as per September 24, 2003`

# Electronic Clearing & Settlement

## Accomplishments Stage 4

- ✓ Migration SCORPIO from Windows to Unix - Dec 2001 - Feb 2002
- ✓ Additional dial-in (for issuers) Lines - March 2002
- ✓ Issuer Shareholder Services Activated - May 2002
- ✓ 196 issues maintained by SDC - March 2002
- ✓ Amendments to By-Laws & Regulations - July 2002
- ✓ Security Clearing (Mini/Security DVP) - July 2002
- ✓ Broker Clearing & Settlement Functionality - July - September 2002
- ✓ JSC Inquiry (Surveillance) System - March 2002
- ✓ Central Registry established - October 2002

# Electronic Clearing & Settlement

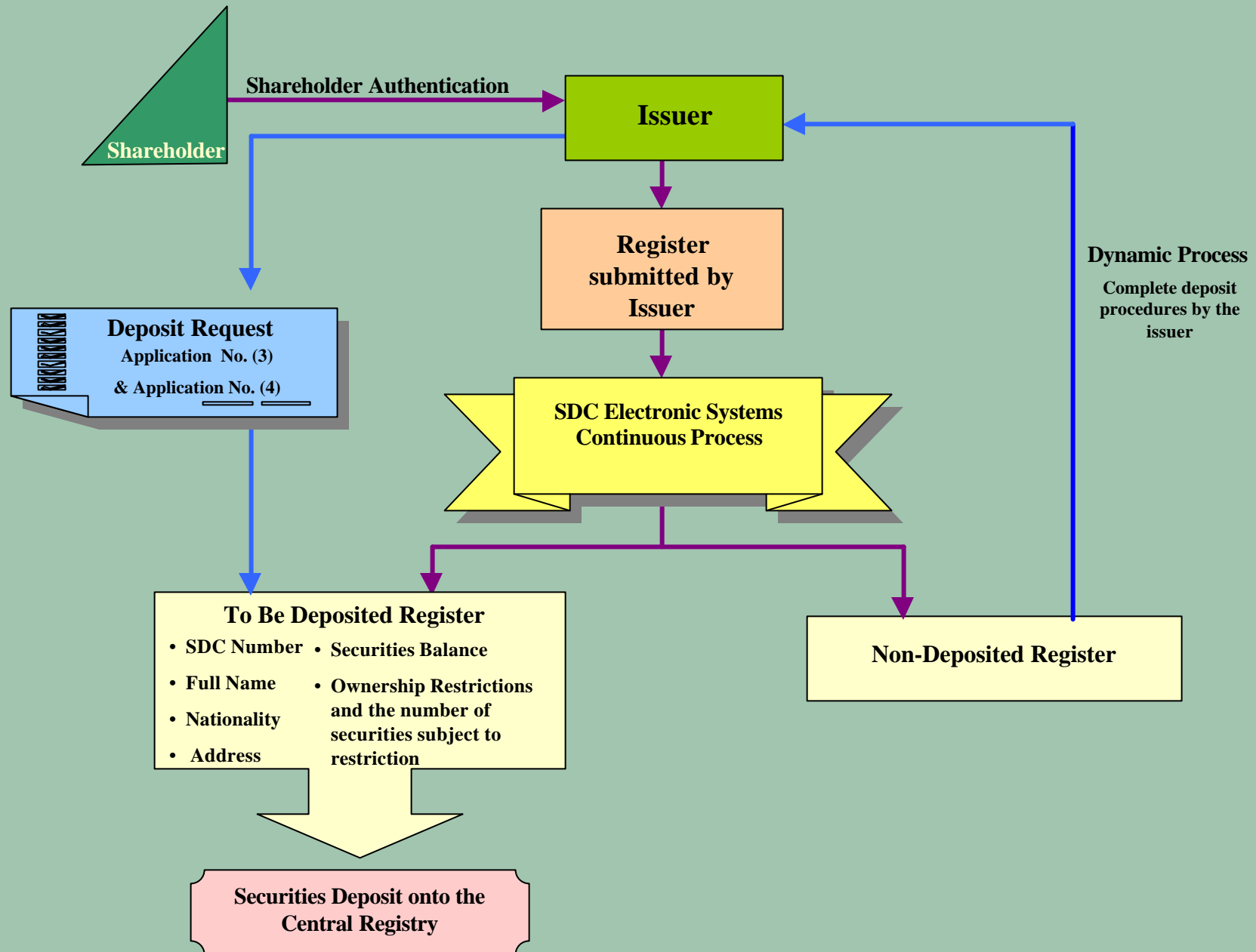


# Central Depository

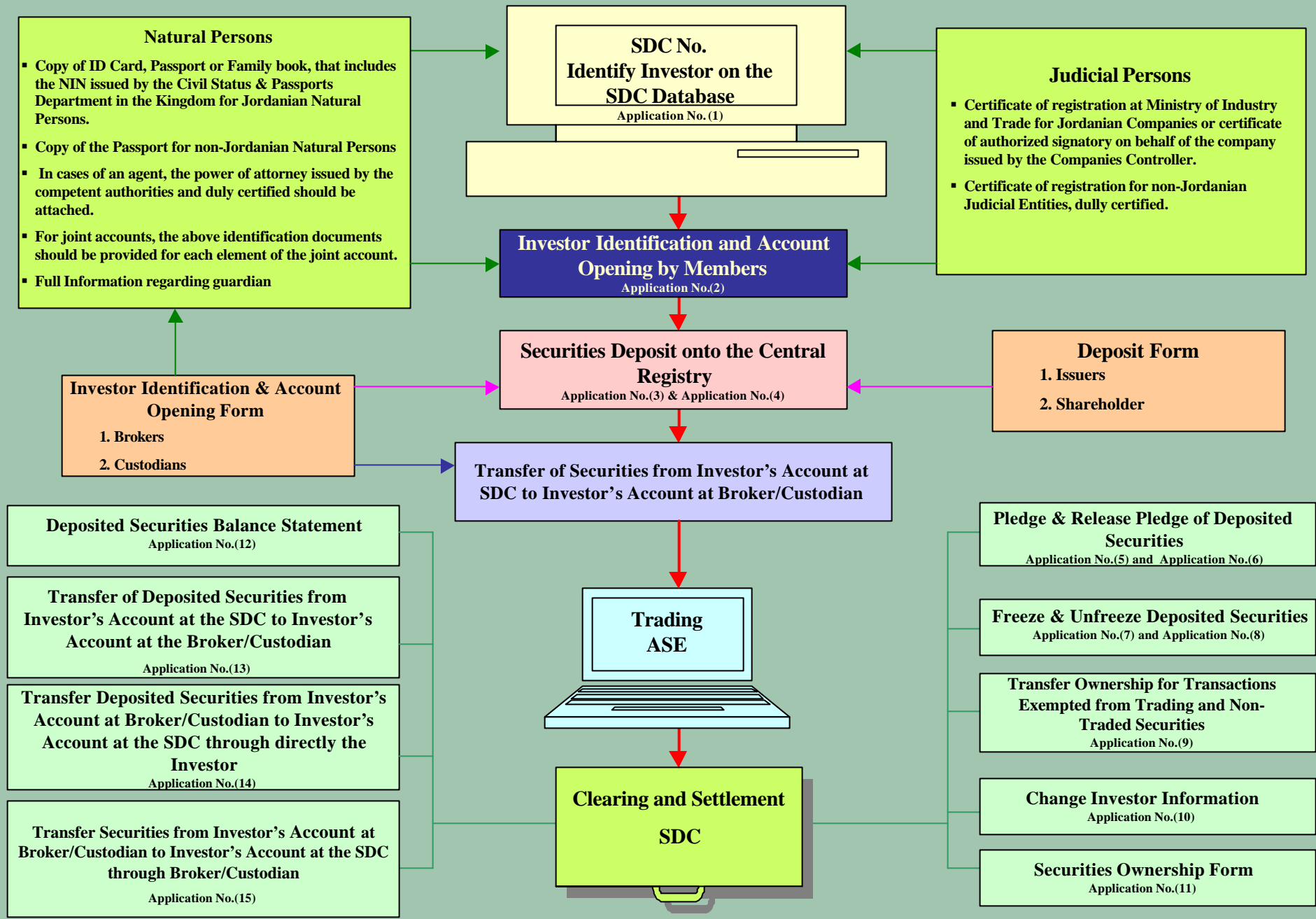
## Accomplishments Stage 5

- ✓ All Issues Reconciled
  - March 2003
- ✓ Enhancement on Issuer System
  - April 2003
- ✓ Enhancement on Broker System
  - July 2003
- ✓ System for Sub-Custodians
  - July 2003
- ✓ Lien & Pledge handling
  - August 2003
- ✓ OTC System
  - April 2003
- ✓ Auditing / Operational Reports
  - May 2003
- ✓ Financial Auditing
  - February 2003
- ✓ Revised Fee Structure
  - July 2003
- ✓ Account Level implementation
  - September 2003
- ✓ Depository Established
  - September 2003
- All Issues subject to Account level Clearing & Settlement
  - Expected End December 2003
- By-Laws and Guarantee Fund in place for Final irrevocable DVP Implementation
  - Expected 1<sup>st</sup> Q 2004

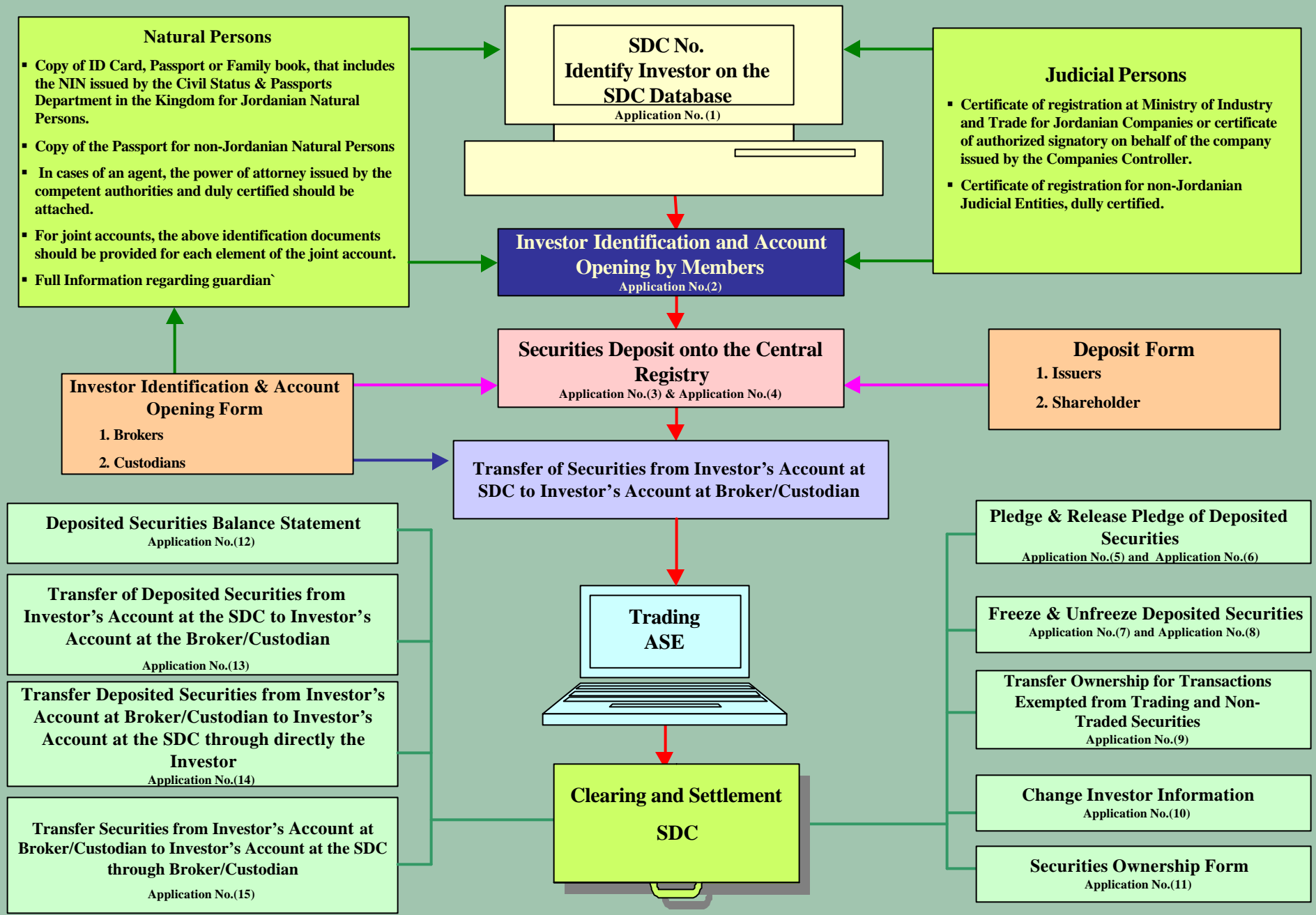
# Process of Depositing Securities



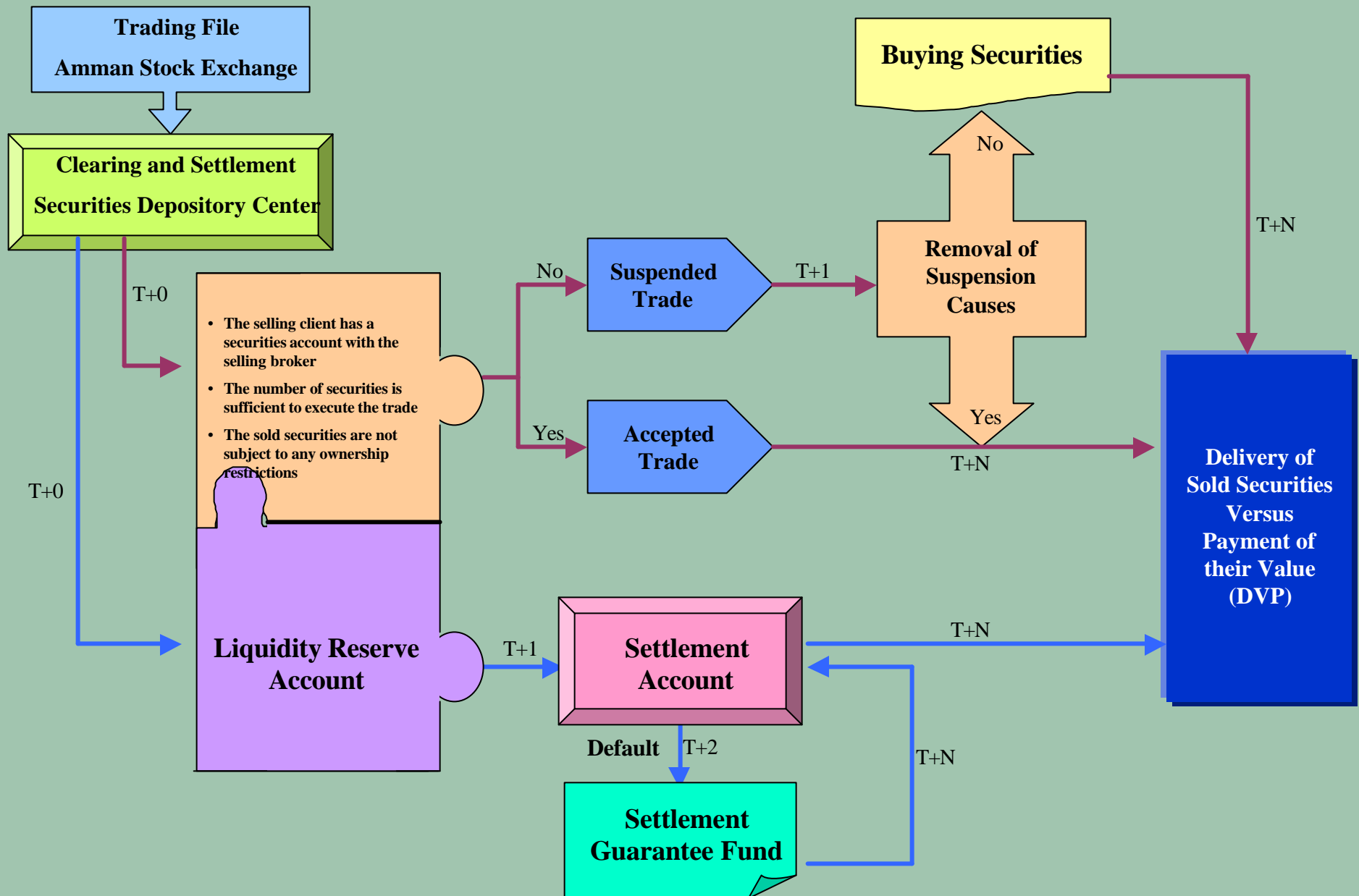
## Members (Brokers, Custodians, Issuers) and Investors relations with the SDC



## Members (Brokers, Custodians, Issuers) and Investors relations with the SDC



# Clearing and Settlement (DVP)

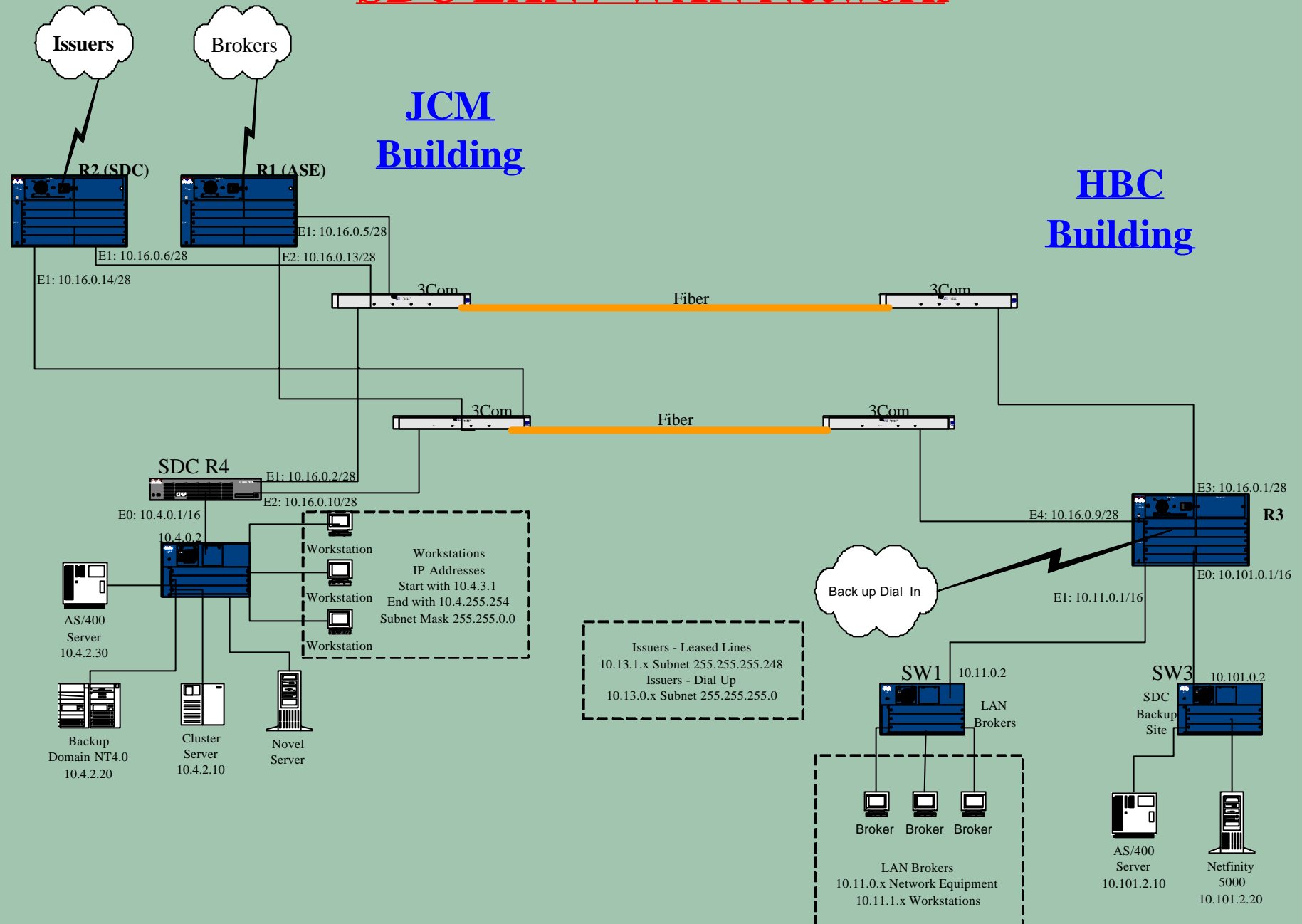


# SDC Systems

## SDC Systems & Application

- ✓ **LAN & WAN Network**
- ✓ **SCORPIO**
- ✓ **General Ledger & Accounting**
- ✓ **Payroll and Human Resources**
- ✓ **Document Archiving**
- ✓ **Security**
  - ✓ **Security environment**
  - ✓ **DMZ**
- ✓ **Back Office Systems**
  - ✓ **File & Print server**
  - ✓ **FTP & ASP server**
  - ✓ **Mail & Web Server**
- ✓ **Network Management System (NMS)**

# SDC LAN / WAN Network



# SDC Hardware Installations

## SDC Systems

- |                                  |                 |
|----------------------------------|-----------------|
| ✓ NetFinity 5000 (SCORPIO)       | - December 1999 |
| ✓ LAN Network                    | - January 2000  |
| ✓ PCs for SDC & Brokers          | - February 2000 |
| ✓ PC (Brokers)                   | - October 2000  |
| ✓ NetFinity 7600 (SCORPIO)       | - October 2000  |
| ✓ LAN / WAN Network              | - October 2001  |
| ✓ NetFinity 5000 (Archiving)     | - December 2001 |
| ✓ NetFinity 232 (G/L, Account)   | - January 2002  |
| ✓ RS6000 (SCORPIO)               | - February 2002 |
| ✓ NetFinity 232 (HRM & Payroll)  | - June 2002     |
| ✓ NetFinity 360 (Security + DMZ) | - December 2002 |

Some further enhancement and application reshuffling taking place

# SDC Application Installations

## SDC Systems & Application

- ✓ **SCORPIO** - **October 2000 – on-going**
- ✓ **General Ledger & Accounting** - **January 2002**
- ✓ **Payroll and Human Resources** - **March 2002**
- ✓ **Archiving** - **March 2002**
- ✓ **LAN & WAN Network** - **October 2001**
- ✓ **Security**
  - ✓ **Security environment** - **January 2003**
  - ✓ **DMZ** - **December 2002**
- ✓ **Back Office Systems**
  - ✓ **File & Print server** - **October 2000**
  - ✓ **FTP & ASP server** - **January 2001**
  - **Mail & Web Server** - **April 2004**
  - ✓ **Network Management System (NMS)** - **July 2002**

The logo features the word "SCORPIO" in a green, serif font. It is positioned within a white rectangular area that has a stylized orange corner graphic on its right side, resembling a folded piece of paper. The entire logo is set against a light green background.

SCORPIO

**Securities Central Operation Registry Processing & Information Online**

# SCORPIO System

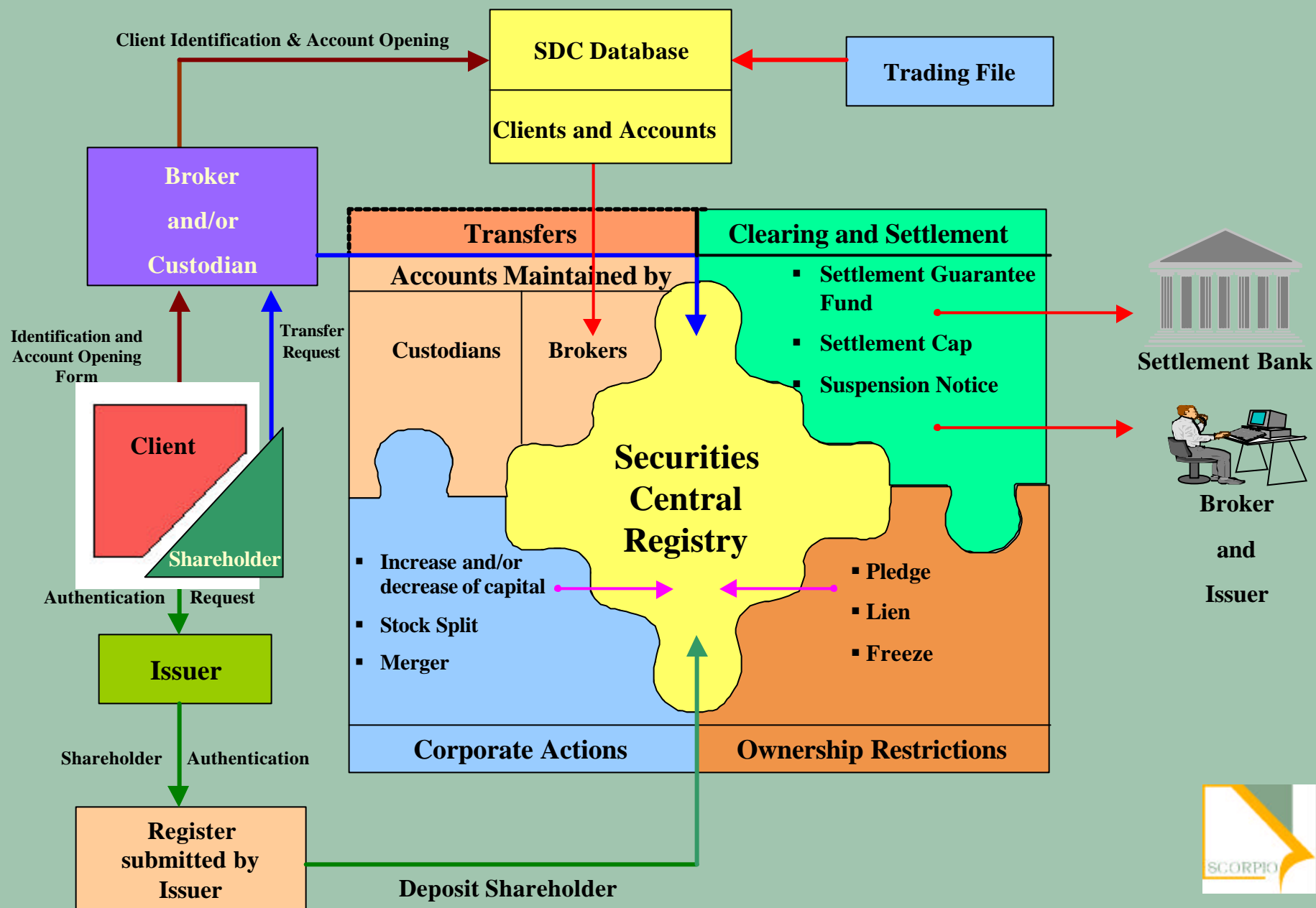
**Securities Central Operation Registry Processing & Information Online**

## **Application Functions:**

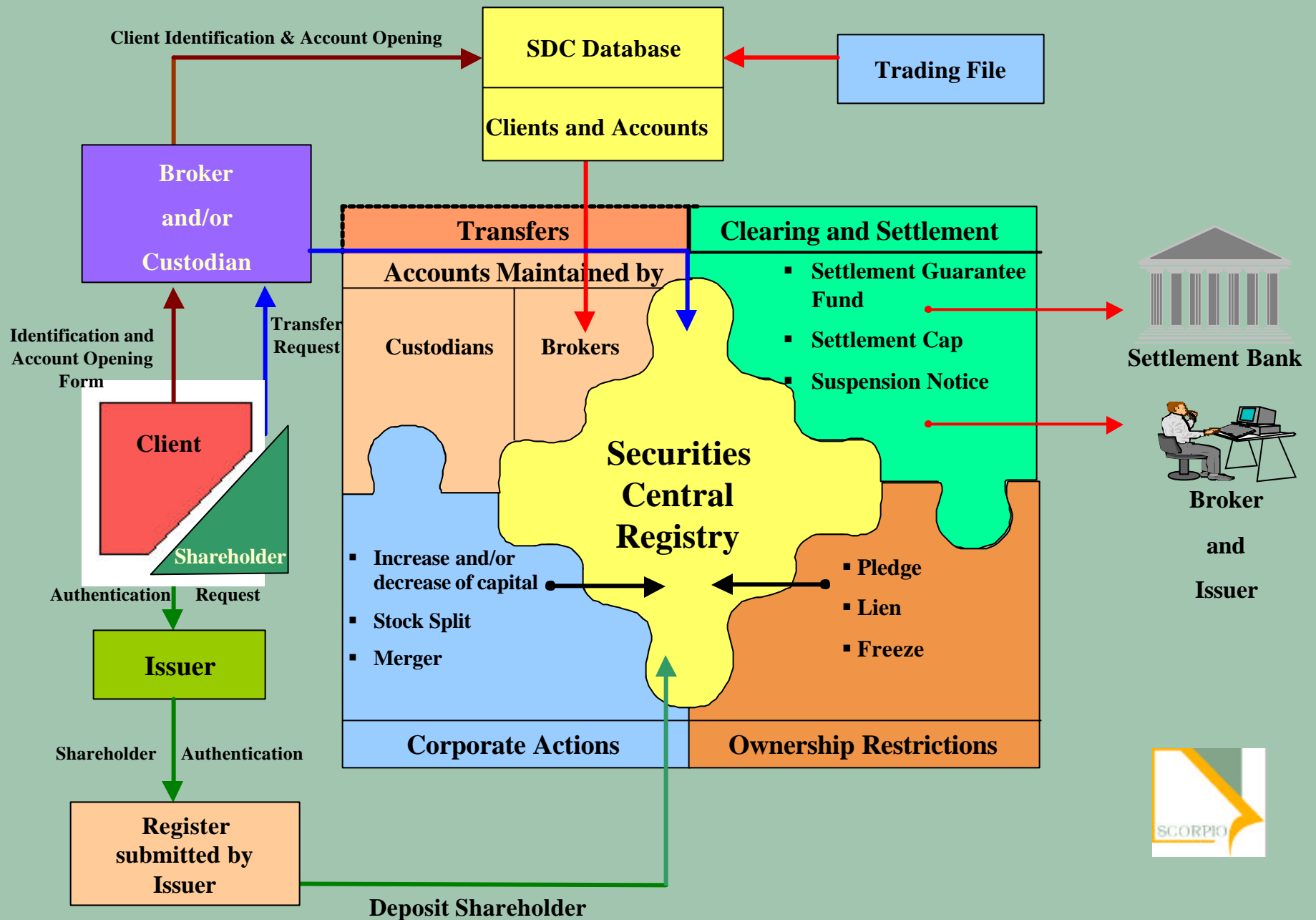
- ✓ **Shareholders' Registers System**
- ✓ **Family System**
- ✓ **Inheritance System**
- ✓ **Rejected Deeds System**
- ✓ **Clearing & Settlement System**
- ✓ **Auditing System**
- ✓ **Reports System**
- ✓ **Brokers' System**
- ✓ **Issuer' System**
- ✓ **Sub-Custodian System**
- ✓ **Settlement Surveillance**
- ✓ **JSC Surveillance and Auditing System**



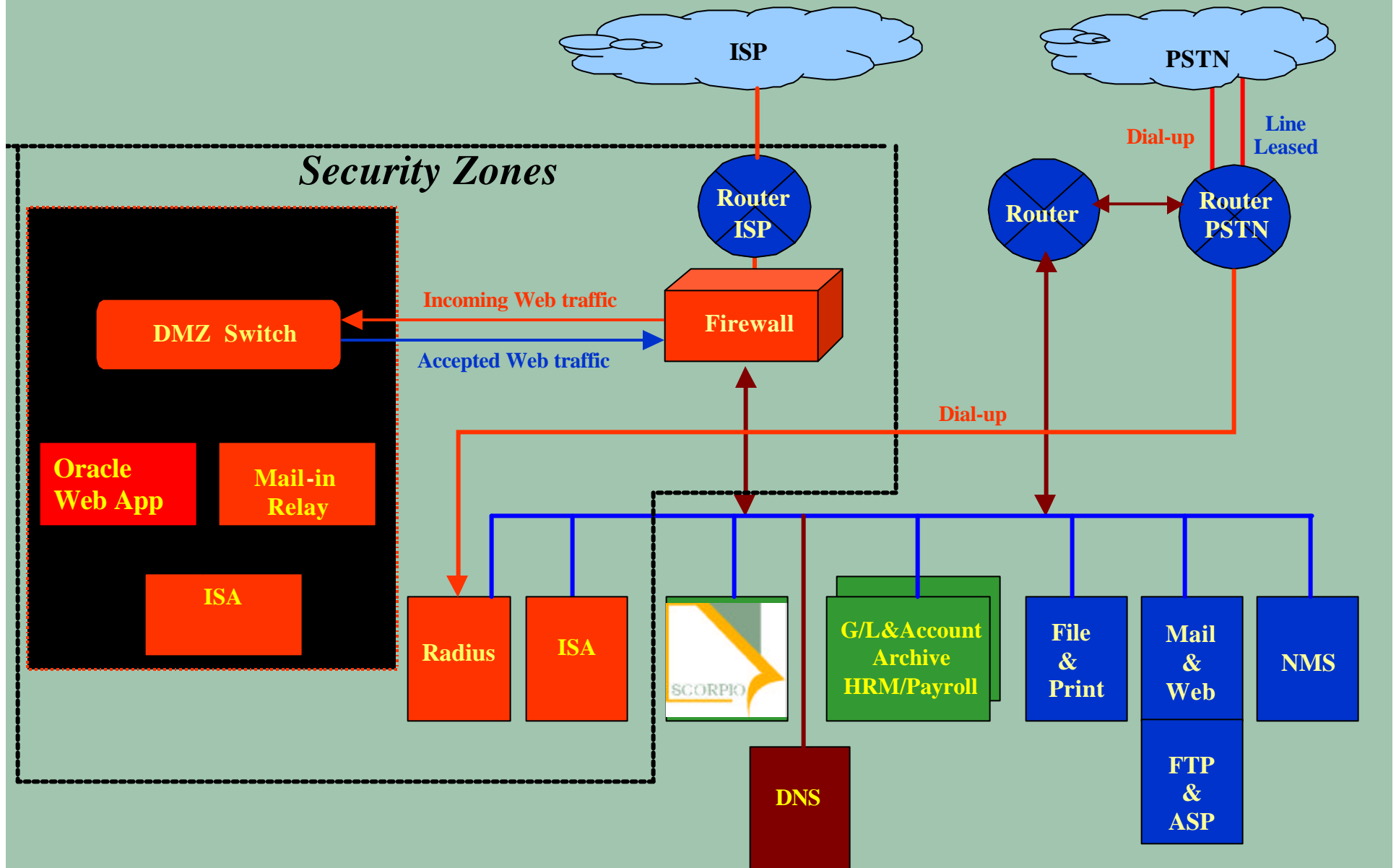
# SCORPIO System and Functions



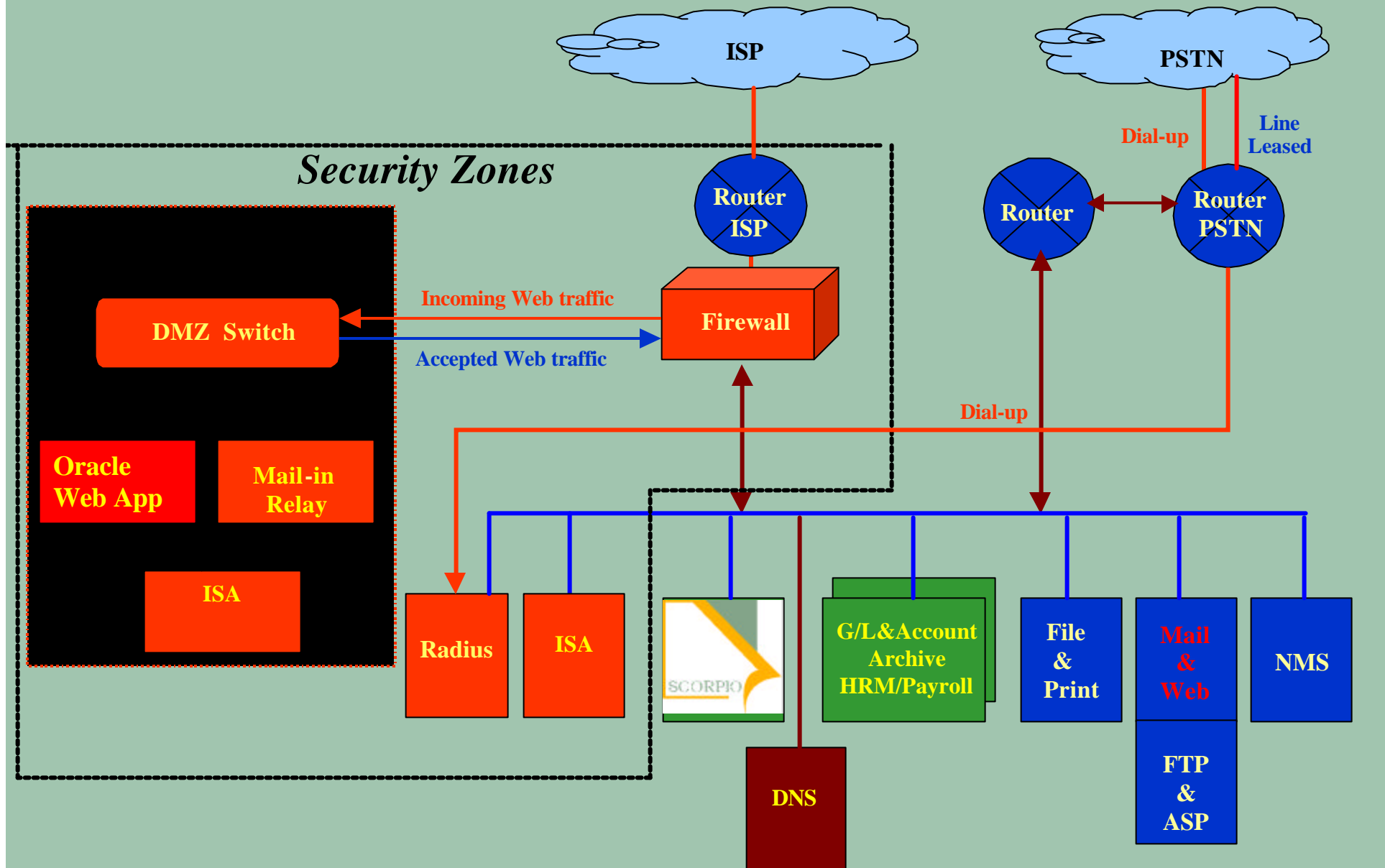
# SCORPIO System and Functions



# The SDC IT Security



# The SDC IT Environment and Security



# Activities till End 2003

## Remaining Activities for 2003

- ✓ **Approval of By-Laws and Regulations by SDC Board**
  - **Early October 2003**
- ✓ **Approval of By-Laws and Regulations by JSC**
  - **End November 2003**
- ✓ **Tuning Settlement Guarantee Fund**
  - **November 2003**
- ✓ **Additional issues to Account Level**
  - **October 2003 till December 2003**
- ✓ **Cash Settlement**
  - **December 2003**

# **SDC Future Plans**

## **Additional Features and Service**

- New Version of Pledge and Lien**
- Bond Processing**
- Connect to Real Time Gross Settlement (RTGS)**
- Lending & Borrowing**
- Additional Service**
  - Transaction Statement**
  - Market Activity**
  - Portfolio Valuation Market-to-Market services**
- Provide Custodial Services to some financial institutions**
- Coupling to the Amman Stock Exchange (ASE)**
- Disaster Recovery site and Business Resumption**

# USAID/AMIR Support

- **Future USAID/AMIR support will be directed towards:**
  - **Operational Support**
    - **Auditing and operations**
    - **Market Risk Elimination**
    - **Bond Processing**
    - **Lending & Borrowing**
    - **Market services**
    - **Coupling to ASE**
  - **IT Hardware Support**
    - **Increased storage capacity**
    - **Disaster recovery and business resumption**
  - **Establishing Equity Bank**
    - **Business plan**
    - **Organization**
  - **Investment Promotion**

# Closing Remarks

- ✓ **Primary Mission has been Accomplished**
  - ✓ *To build a National Center for Registry, Depository and Clearing & Settlement of Equities.*
- ✓ **Objectives and Goals; many achieved and operational**
- ✓ **Organization, Procedures and Systems are in place**

**SDC is operational**

# Thank You

*The USAID's support and assistance has made it possible for the SDC to achieve its goals and objectives.  
We hope that we can accomplish our future plans by next year and look forward to further support and assistance.*

Thank you for your Attention



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Securities Depository Center